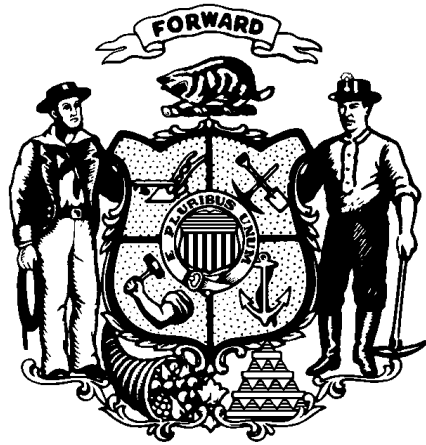
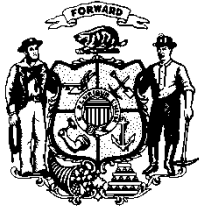


# Public Service Commission of Wisconsin



2013-2015 Biennial Budget  
Phil Montgomery  
Chairperson



# Public Service Commission of Wisconsin

Phil Montgomery, Chairperson  
Eric Callisto, Commissioner  
Ellen Nowak, Commissioner

610 North Whitney Way  
P.O. Box 7854  
Madison, WI 53707-7854

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September 17, 2012

The Honorable Scott Walker  
Governor of Wisconsin  
State Capitol, Room 115 East  
Madison, WI 53702

Dear Governor Walker:

I am pleased to submit to you the 2013-15 Biennial Budget request of the Public Service Commission. This budget is a cost-to-continue budget, containing only requests for turnover reduction, full funding of continuing position salaries and fringe benefits, and full funding of lease. The Commission has two technical requests to adjust program revenue authority. We also suggest a measure to strengthen ratepayer advocacy by using current intervenor compensation funding more efficiently.

The Commission is ready to work with your administration on budget priorities and policy initiatives proposed in the areas of utility regulation, energy and telecommunications, consumer protection and, most importantly, ensuring each new policy promotes job creation.

Sincerely,

A handwritten signature in cursive script, reading "P. L. Montgomery".

Phil Montgomery  
Chairperson

cc: Brian Hayes, State Budget Director  
Eileen Schoenfeldt, Policy Analyst  
R.J. Pirlot, Executive Assistant

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# **PUBLIC SERVICE COMMISSION OF WISCONSIN**

## **AGENCY DESCRIPTION**

The Public Service Commission (PSC) is an independent regulatory agency dedicated to serving the public interest. The agency is responsible for the regulation of Wisconsin public utilities, including those that are municipally owned, since 1907.

The Commission works to ensure that, in the absence of competition, adequate and reasonably priced service is provided to utility customers. Types of utilities regulated include electric, natural gas, water, combined water and sewer utilities and certain aspects of local telephone service. More than 1,100 utilities are under the agency's jurisdiction. Most of these must obtain Commission approval before setting new rates, issuing stocks or bonds, or undertaking major construction projects such as power plants, water wells, and transmission lines.

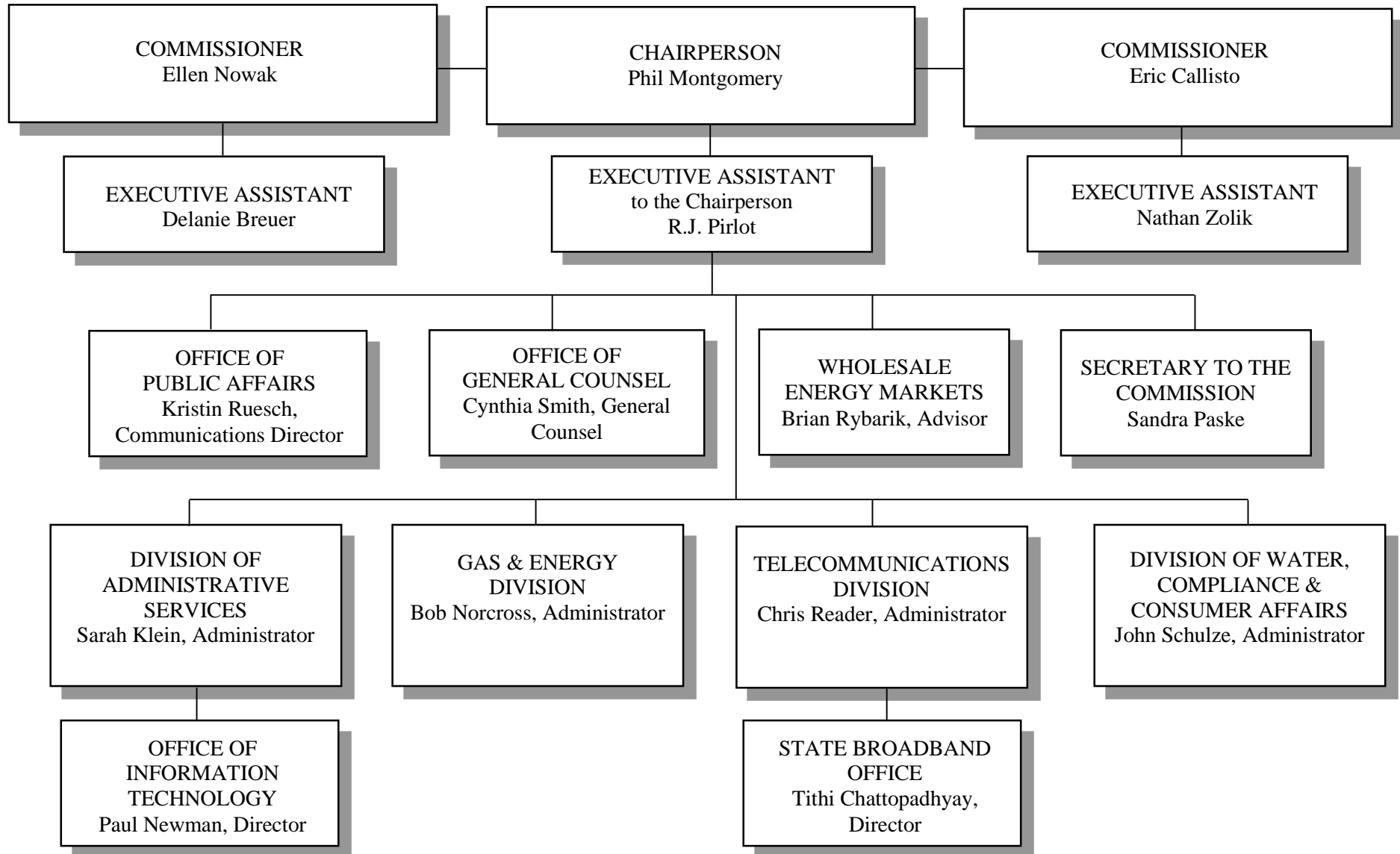
The Commission is composed of three full-time Commissioners who decide the cases brought to the Commission for changes in utility operations, rates and for construction projects after a complete and thorough review of all the records compiled in the case, including public comments. Commissioners are appointed by the Governor and confirmed by the State Senate for staggered, six-year terms. One of these Commissioners is appointed chairperson by the Governor for a two-year term. The Commissioners' Office, under the direction of the Chairperson, has oversight of all staff-related activities.

In keeping with its commitment to quality management principles, the Commission is organized along industry and administrative lines into four operating divisions: Division of Administrative Services; Division of Water, Compliance and Consumer Affairs; Telecommunications Division; and Gas and Energy Division. Commission staff consists of auditors, accountants, engineers, rate analysts, attorneys, planners, research analysts, economists, consumer analysts, consumer specialists, court reporters and paraprofessional and administrative support personnel. These experts work in an advisory role to the Commissioners.

## **MISSION**

The mission of the Public Service Commission of Wisconsin is to oversee, facilitate and foster the efficient and fair provision of quality utility services by meeting consumers' changing needs in Wisconsin's dynamic and competitive utility industry environment.

# PUBLIC SERVICE COMMISSION OF WISCONSIN



## **PROGRAM – SUBPROGRAM NARRATIVES**

### *PROGRAM 1 – SUBPROGRAM 01*

The OFFICE OF COMMISSIONERS is responsible for providing administrative support to the three Commissioners who are appointed by the Governor and confirmed by the Senate for staggered six-year terms. The Commission, by majority vote, is the governing authority that ultimately decides how the Wisconsin utility industry will be regulated.

One Commissioner is designated Chairperson by the Governor for a two-year term. The Chairperson serves as head of the Agency. The Executive Assistant to the Chairperson is appointed by the Chairperson and assists in the development and implementation of the long-range goals of the agency. The other two Executive Assistants are appointed to serve by each of their respective Commissioners and work specifically for them.

The General Counsel serves as the primary legal advisor to the Commissioners. The Legislative Advisor is responsible for the management of the Commissioners' legislative affairs programs. The Secretary to the Commission assists in scheduling and implementing short-range goals of the agency. The Communications Director provides information services on behalf of the Commission to the public and media, and assists in implementing the Commission's goals.

The Administrative Law Judge schedules and conducts public hearings. A public hearing is one step in determining if the Commission will take action to affect the service rates offered by a utility operated facility. The Administrative Law Judge records testimony, prepares transcripts, and issues proposed or final orders as required. The testimony presented and recorded before the Administrative Law Judge becomes the record upon which Commission decisions are based.

The Wholesale Energy Markets Advisor develops agency-wide regulatory policy direction for all energy program activities as approved by the commissioners, with an emphasis on the regulatory and economic issues surrounding wholesale energy markets and the transmission of electricity.

The Commissioners' support staff provides administrative and clerical support primarily to the Commissioners and their staff, and secondarily to agency operations as determined appropriate.

The OFFICE OF GENERAL COUNSEL represents and defends the actions of the Commission in state and federal courts, provides legal advice to both Commissioners and staff, provides legal counsel for staff at Commission hearings and represents the Commission before federal agencies in cases of regulatory interest. The Office of General Counsel also coordinates referrals from the Commission to the Attorney General.

### *PROGRAM 1 – SUBPROGRAM 02*

The DIVISION OF ADMINISTRATIVE SERVICES provides the Commission's business management services. This includes budget development, revenue collection, intervenor financing coordination, and procurement. The Division also administers employee training and recruitment, and coordinates the Commission's affirmative action/equal opportunity and employee assistance programs. Administrative Services also maintains an automated case filing system (ERF), and provides printing, mail and facility services.

The OFFICE OF INFORMATION TECHNOLOGY (OIT) is contained within the administrative structure of the Division of Administrative Services and provides support for the information system infrastructure of the Commission. This includes acquisition and support of computer hardware, software and peripherals; administration of the local area network; development and implementation of customized computer applications; forms management; and data and database administration. OIT also helps the Commission achieve its strategic goals by researching, acquiring and implementing new technologies and planning for future capacity requirements.

### *PROGRAM 1 – SUBPROGRAM 03*

The DIVISION OF WATER, COMPLIANCE AND CONSUMER AFFAIRS is comprised of two bureaus, the Consumer Affairs Bureau and the Water Bureau, as well as a water conservation program.

The Consumer Affairs Bureau is responsible for statewide utility compliance and assisting utilities' efforts to comply with statutes, codes and record keeping requirements. This bureau also develops consumer affairs policies, coordinates consumer information, and resolves consumer concerns.

The Water Bureau is responsible for regulating water and combined water and sewer public utilities, including regulation of water rates; review of water and combined water and sewer public utility financing; review of large, drinking-water-related construction projects; assessments of environmental impacts associated with water intake systems and underground construction; and review of water utilities' compliance with rules, statutes, codes and other state and federal regulations.

The Division is also responsible for developing and implementing statewide water conservation strategies. Strategies include both demand-side (consumer) and supply-side (utility) water conservation initiatives. The Division works with Wisconsin water utilities to incorporate water conservation into water supply planning and to promote the efficient and sustainable use of water.

### *PROGRAM 1 – SUBPROGRAM 04*

The TELECOMMUNICATIONS DIVISION is responsible for regulating certain telecommunications providers to promote competition between providers, ensure access to modern and affordable telecommunications throughout the state, and protect consumers. The Division

oversees price regulation plans and other alternative forms of regulation for telecommunication utilities; reviews earnings and rate levels for utilities subject to rate jurisdiction; monitors telecommunication service quality; reviews tariffs, contracts, and agreements to prevent unfair cross-subsidy and anti-competitive actions; and resolves interconnection disputes between service providers.

The Division also advises the Federal Communications Commission on matters pertaining to Wisconsin's interests in federal telecommunications policy and monitors advanced telecommunications infrastructure deployment.

Through a federal ARRA grant awarded in 2009, the Division has been developing and continually updating an interactive map of broadband access in Wisconsin. Wisconsin's map will be linked to other states' Broadband maps to identify broadband access nationwide. This year, the Commission established a State Broadband office to help establish a permanent state office to help further broadband access within the state. This project will serve as a catalyst for increased access to and use of broadband to better serve Wisconsin citizens.

#### *PROGRAM 1 – SUBPROGRAM 06*

The GAS AND ENERGY DIVISION is responsible for regulating the natural gas and electric utilities operating in Wisconsin. The Division reviews petitions by utilities to change energy rates, analyzing economic and financial issues of consumers, business and utilities in the review. Performance indicators and conservation program goals are also reviewed by the division when reviewing rates. The Division is also responsible for reviewing gas and energy related construction projects including construction of large power lines, construction of generation plants, and construction related to the natural gas distribution system. In reviewing these projects, the division considers the state's need for additional energy, potential alternatives, costs, and environmental impacts.

The Division reviews changes to utility financial structures and mergers, evaluates the structure and regulation of the gas and electric industries, and intervenes in federal energy and interstate natural gas cases. The Division administers the state/federal Gas Pipeline Safety program, Stray Voltage program, and oversees the statewide, ratepayer-funded, energy efficiency and renewable resource programs known as "Focus on Energy." The Division also develops the Commission's Strategic Energy Assessment (SEA) which anticipates future energy demand to ensure Wisconsin has adequate generation and transmission resources, and administers rules that govern how political subdivisions are allowed to regulate the siting of certain non-utility wind projects.



# **PROGRAM GOALS, OBJECTIVES AND ACTIVITIES**

## **Goals, Objectives and Activities for SFY 2013, 2014, and 2015**

### *PROGRAM 1: REGULATION OF PUBLIC UTILITIES*

**Goal: Assure safe, reliable and reasonably priced energy, water and telecommunications service is provided to Wisconsin's citizens and businesses.**

- **Objective/Activity:** Improve both broadband service availability and the usage information provided to Wisconsin consumers by conducting regular broadband inventory activities and maintaining the accuracy of Wisconsin's interactive broadband map.
- **Objective/Activity:** Assure reasonably priced water service is provided to consumers by efficiently processing requests for water rate adjustments under Wis. Stats. § 196.20 and under the Simplified Rate Case process.
- **Objective/Activity:** Assure appropriate service pricing by small telecommunications utilities by efficiently reviewing annual earnings.
- **Objective/Activity:** Improve the safety of gas pipelines in Wisconsin by enforcing compliance with state and federal regulations through inspection and investigation activities.

**Goal: Meet consumers' changing needs in Wisconsin's dynamic and competitive utility industry environment.**

- **Objective/Activity:** Maintain participation of diverse groups in Commission regulatory actions by providing consistent and prompt assistance to organizations applying for Intervenor Compensation.
- **Objective/Activity:** Increase consumers' access to alternate telecommunication providers by effectively and efficiently certifying new applicants to telecommunications markets.
- **Objective/Activity:** Facilitate consumers' access to competitive telecommunications providers by reviewing and approving Interconnection Agreements (ICAs) and arbitrating or mediating ICAs when providers cannot negotiate one.
- **Objective/Activity:** Thoroughly investigate, resolve, and respond to consumer complaints from utility customers.

**Goal: Foster innovative, cost-effective, and conscientious methods of water distribution.**

- **Objective/Activity:** Increase the number of external training sessions given by PSC staff to water utilities, including speaking engagements at water industry association meetings.

**Goal: Continue to identify and address telecommunication needs for low-income customers, high-rate areas of the state, customers with disabilities, non-profit groups and medical clinics and public health agencies through outreach and marketing efforts.**

- **Objective/Activity:** Maintain participation levels in TEPP
- **Objective/Activity:** Maintain TEPP expenditures between \$1.4 million and \$1.8 million.
- **Objective/Activity:** Work with social service agencies and organizations to improve their program knowledge of TEPP.
- **Objective/Activity:** Market the telemedicine program to encourage participation.
- **Objective/Activity:** Diversify locations and types of MTEP applications.
- **Objective/Activity:** Meet MTEP expenditure goals of \$500,000.

### *PROGRAM 3: OTHER PROGRAMS*

**Goal: Assure quality utility services are provided in Wisconsin by facilitating the development of programs promoting energy efficiency.**

- **Objective/Activity:** Improve the likelihood of successful energy efficiency incentive programs by working with utilities to facilitate a broad distribution of RFPs for Business Program subcontractors.

## PERFORMANCE MEASURES

### GOALS FOR 2013, 2014 AND 2015

<b>Prog. No.</b>	<b>Performance Measure</b>	<b>Goal 2013</b>	<b>Goal 2014</b>	<b>Goal 2015</b>
1.	Frequency of updates to Wisconsin's broadband map.	Every 6 months	Every 6 months	Every 6 months
1.	Percent of non-contested water rate cases where a decision is issued in less than 180 days from filing date of application.	90%	90%	90%
1.	Percent of simplified water rate cases (SRC) where a decision is issued in less than 45 days from filing date of application.	95%	95%	95%
1.	Percent of water utility construction cases where a decision is issued in less than 90 days from the filing date of the application, for cases that do not require a hearing.	95%	95%	95%
1.	Percent pipeline safety units in compliance within 45 days <sup>1</sup> .	86%	86%	86%
1.	Number of gas pipeline safety violations each year <sup>1</sup> .	68	68	66
1.	Number of different organizations receiving IC awards.	5	5	5
1.	Percent of alternate telecommunications provider applications reviewed and appropriate certifications issued within 60 days of receipt of completed applications.	95%	95%	95%
1.	Percent of ICA reviews completed within 45 days.	85%	85%	85%
1.	Percent of complaints with an informal determination provided within 30 days.	95%	95%	95%
1.	Number of external training sessions given by PSC staff to water utilities, including speaking engagements at water industry association meetings.	10	10	10
1.	Maintain participation levels in TEPP	8,000	8,000	8,000
1.	Maintain TEPP expenditures between \$1.4 million and \$1.8 million.	\$1.6 million	\$1.6 million	\$1.6 million
1.	Work with social service agencies and organizations to improve their program knowledge of TEPP.	Outreach of TEPP Meetings 2-3 times	Outreach of TEPP Meetings 2-3 times	Outreach of TEPP Meetings 2-3 times
1.	Market the telemedicine program to encourage participation.	20	20	20

<b>Prog. No.</b>	<b>Performance Measure</b>	<b>Goal 2013</b>	<b>Goal 2014</b>	<b>Goal 2015</b>
1.	Diverse locations and types of MTEP applications.	Statewide and 5 different types	Statewide and 5 different types	Statewide and 5 different types
1.	Meet MTEP expenditure goals of \$500,000.	\$500,000	\$500,000	\$500,000
3.	Number of web sites on which Business Program RFPs are posted.	5	5	5

Based on the fiscal year, unless noted with <sup>1</sup>. Items noted <sup>1</sup> are based on the calendar year.

## **Priority Listing of Decision Item Numbers (DINs)**

The Public Service Commission's 2013 – 2015 Budget is a cost-to-continue budget. Besides Standard Budget Adjustments, this budget also contains one *Agency Requested Change from Base* decision item. Six decision items are included in the budget submission: 3001 Turnover Reduction, 3002 Removal of Non-continuing Elements from the Base, 3003 Full Funding of Continuing Position Salaries and Fringe Benefits, 3010 Full Funding of Lease and Directed Moves Costs, 3011 Minor Transfers within the Same Alpha Appropriation and 4002 PR Re-estimate for Salary and Fringe. Of these six DINs, 3003 is the Commission's highest priority; with DIN 3010, the second highest priority.

DINs Listed in priority order:

1. 3003 Full Funding of Continuing Position Salaries and Fringe Benefits
2. 3010 Full Funding of Lease and Directed Moves Costs
3. 4002 PR Re-estimate for Salary & Fringe
4. 3001 Turnover Reduction
5. 3002 Removal of Non-continuing Elements from the Base
6. 3011 Minor Transfers Within the Same Alpha Appropriation
7. 4003 Increase of Intervenor Compensation Grant

## Statewide Standard Budget Items

### *Turnover Reduction* **DIN 3001**

This decision item removes 3% of permanent position salary funding in appropriations with at least 50 FTE under the assumption that a 3% savings will result from position vacancies.

#### *Fiscal Effect Summary*

	SFY 2014		SFY 2015		Biennium	
Source of Funds	Dollars	FTE	Dollars	FTE	Dollars	FTE
<b>PR</b>	<b>\$(262,700)</b>		<b>\$(262,700)</b>		<b>\$(525,400)</b>	
By Expenditure Line						
02 - Turnover	\$ (262,700)		\$ (262,700)		\$ (525,400)	

### *Removal of Non-continuing Elements from the Base* **DIN 3002**

This decision item removes project positions which terminate on or before the last day of the 2013-2015 biennium and project positions terminating in the second year of the 2011-2013 biennium that were not removed in the previous budget.

#### *Fiscal Effect Summary*

	SFY 2014		SFY 2015		Biennium	
Source of Funds	Dollars	FTE	Dollars	FTE	Dollars	FTE
<b>PR</b>	<b>\$ (261,400)</b>	<b>-4.00</b>	<b>\$ (351,600)</b>	<b>-6.00</b>	<b>\$ (613,000)</b>	<b>-6.00</b>
By Expenditure Line						
03 – Proj. Salaries	\$ (192,100)	-4.00	\$ (258,400)	-6.00	\$ (450,500)	-6.00
05 – Fringe	\$(69,300)		\$(93,200)		\$(162,500)	

*Full Funding of Continuing Position Salaries and Fringe Benefits*  
**DIN 3003**

This decision item increases or decreases adjusted base year salary and fringe benefit funding to reflect positions authorized through July 2012. The new agency fringe rate is applied to the adjusted salary levels.

*Fiscal Effect Summary*

	<b>SFY 2014</b>		<b>SFY 2015</b>		<b>Biennium</b>	
<b>Source of Funds</b>	<b>Dollars</b>	<b>FTE</b>	<b>Dollars</b>	<b>FTE</b>	<b>Dollars</b>	<b>FTE</b>
<b>PR</b>	<b>\$(116,100)</b>		<b>\$ (116,100)</b>		<b>\$ (232,200)</b>	
By Expenditure Line						
01 - Permanent Salaries	\$ (149,700)		\$ (149,700)		\$ (299,400)	
03 - Project Salaries						
05 - Fringe	\$ 33,600		\$ 33,600		\$ 67,200	
<b>SEG</b>	<b>\$ (33,500)</b>		<b>\$ (33,500)</b>		<b>\$ (67,000)</b>	
By Expenditure Line						
01 - Permanent Salaries	\$ (26,900)		\$ (26,900)		\$ (53,800)	
03 - Project Salaries						
05 - Fringe	\$ (6,600)		\$ (6,600)		\$ (13,200)	
<b>FED</b>	<b>\$ (27,800)</b>		<b>\$ (27,800)</b>		<b>\$ (55,600)</b>	
By Expenditure Line						
01 - Permanent Salaries	\$ 100		\$ 100		\$ 200	
03 - Project Salaries	\$ (22,700)		\$ (22,700)		\$ (45,400)	
05 - Fringe	\$ (5,200)		\$ (5,200)		\$ (10,400)	

*Full Funding of Lease and Directed Moves Costs*  
**DIN 3010**

This decision item increases adjusted base year building lease funding for building rent increases in the 2013-2015 biennium. Requested increases are as per the DOA schedule in Appendix G and are supported by actual contracted rates.

*Fiscal Effect Summary*

	SFY 2014		SFY 2015		Biennium	
Source of Funds	Dollars	FTE	Dollars	FTE	Dollars	FTE
<b>PR</b>	<b>\$ 20,500</b>		<b>\$ 33,900</b>		<b>\$ 54,400</b>	
By Expenditure Line						
06 - Supplies & Services	\$ 20,500		\$ 33,900		\$ 54,400	

*Minor Transfers within the Same Alpha Appropriation*  
**DIN 3011**

This decision item realigns funding within the same alpha appropriations. Proposed realignments under this standard budget adjustment must net to zero.

*Fiscal Effect Summary*

	SFY 2014		SFY 2015		Biennium	
Source of Funds	Dollars	FTE	Dollars	FTE	Dollars	FTE
<b>PR</b>	<b>\$ 0</b>		<b>\$ 0</b>		<b>\$ 0</b>	
By Expenditure Line						
06 - Supplies & Services	\$ 0		\$ 0		\$ 0	

*PR Re-estimate for Salary and Fringe*  
**DIN 4002**

This decision item increases adjusted base year funding for salary and fringe for program revenue-funded positions that have dropped to the appointment minimum. As most of these positions are broad-banded and have an appointment range (minimum-maximum) assigned to each classification, the need for starting salary flexibility to remain competitive in the marketplace is imperative to meeting the Commission's regulatory mission in the 2013-2015 biennium.

*Fiscal Effect Summary*

	SFY 2014		SFY 2015		Biennium	
Source of Funds	Dollars	FTE	Dollars	FTE	Dollars	FTE
<b>PR</b>	<b>\$378,700</b>		<b>\$378,700</b>		<b>\$757,400</b>	
By Expenditure Line						
01 – Permanent Salaries	\$278,300		\$278,300		\$556,600	
05 - Fringe	\$100,400		\$100,400		\$200,800	



*Increase of Intervenor Compensation Grant*  
**DIN 4003**

This decision item keeps the overall intervenor compensation fund at \$1,042,500 annually. Currently, Wis Stat. 196.31 (2m) specifies that of the \$1,042,500, an annual grant of \$300,000 is awarded to one or more non-stock, non-profit corporations that are described under section 501 (c) (3) of the Internal Revenue Code, and that have a history of advocating at the Commission on behalf of ratepayers of this state for the purpose of offsetting the general expenses of the corporations, including salary, benefit, rent, and utility expenses. The Commission may impose conditions on grants made under this subsection and may revoke a grant if the commission finds that such a condition is not being met.

This decision item specifies an increased grant of \$750,000 from the \$1,042,500 be annually awarded to one or more non-stock, non-profit corporations with the description listed above. An accompanying statutory change to 196.31 will be necessary if approved.

*Fiscal Effect Summary*

	<b>SFY 2014</b>		<b>SFY 2015</b>		<b>Biennium</b>	
<b>Source of Funds</b>	<b>Dollars</b>	<b>FTE</b>	<b>Dollars</b>	<b>FTE</b>	<b>Dollars</b>	<b>FTE</b>
<b>PR</b>	<b>\$0</b>		<b>\$0</b>		<b>\$0</b>	
By Expenditure Line						
09 - Aids to Ind. & Org.	\$0		\$0		\$0	

# Universal Service Fund Request Summary and Program Description

## *FY 2014 and 2015 Appropriation Request*

For FY 2014 and 2015, the Public Service Commission proposes an appropriation for the Universal Service Fund (USF) programs of \$5,940,000. By program, this request is as follows:

<b>YEARS</b>	<b>13</b>	<b>14</b>	<b>15</b>
Lifeline	2,250,000	2,250,000	2,250,000
Telecom Equipment Purchase Program (TEPP)	1,800,000	1,800,000	1,800,000
Medical Telecommunications Equipment	500,000	500,000	500,000
Non-Profit Groups – Access	500,000	500,000	500,000
LinkUp	200,000	200,000	200,000
High Rate Ceiling Credits	378,000	378,000	378,000
Two Line Voice Carryover	12,000	12,000	12,000
Public Interest Payphones	0	0	0
Provider of Last Resort	0	0	0
Advanced Telecommunications Services	0	0	0
Telephone Access for Homeless	0	0	0
Rate Shock Mitigation	0	0	0
Outreach for Low-Income Programs	0	0	0
 Program Sub-total	 5,640,000	 5,640,000	 5,640,000
 Administration	 300,000	 300,000	 300,000
 Total	 <u>\$5,940,000</u>	 <u>\$5,940,000</u>	 <u>\$5,940,000</u>

## A brief summary of each program is provided below

### **Lifeline § PSC 160.062**

FY 2011 actual	\$2,141,300	<b>FY 2014 request \$2,250,000</b>
FY 2012 actual	\$2,162,900	<b>FY 2015 request \$2,250,000</b>
FY 2013 estimate	\$2,250,000	

The Lifeline program lowers the monthly rate for telephone service to eligible low-income consumers. Lifeline is funded jointly by the Federal Communications Commission (FCC) and the state USF. Budget needs for this program will continue to increase due to provider rate increases for basic telephone service.

Currently, the large majority of cellular companies do not receive reimbursement from the state USF. If this changes and eligible Lifeline customers receive a state USF credit in

addition to the federal USF credit, the budget need identified for the biennial budget will increase significantly.

**Telecommunications Equipment Purchase Program (TEPP)**  
**§ PSC 160.071(1)**

FY 2011 actual	\$1,206,100	<b>FY 2014 request \$1,800,000</b>
FY 2012 actual	\$1,339,400	<b>FY 2015 request \$1,800,000</b>
FY 2013 estimate	\$1,800,000	

This program helps individuals with disabilities use the telephone system by covering a portion of the costs for purchasing adaptive telecommunications equipment. Qualifying individuals receive a voucher covering a portion of equipment costs and, in many cases, also pay a \$100 co-payment. Voucher amounts vary to account for differing individual equipment needs. Outreach efforts to reach more customers with disabilities are limited due to budget constraints. Expenditure levels for this program are expected to remain stable if outreach is not expanded.

**Medical Telecommunications Equipment Program**  
**§ PSC 160.115**

FY 2011 actual	\$500,000	<b>FY 2014 request \$500,000</b>
FY 2012 actual	\$500,000	<b>FY 2015 request \$500,000</b>
FY 2013 estimate	\$500,000	

This is a grant program to support the effort of medical clinics and public health agencies to promote technologically advanced medical services that enhance access to medical care in rural or underserved areas and by underserved populations and persons with disabilities in the state. Wis. Stat. § 196.218 (4u) specifies that the PSC may spend up to \$500,000 annually from the USF for this program.

**Nonprofit Groups – Access Programs or Projects**  
**§ PSC 160.125(2)**

FY 2011 actual	\$500,000	<b>FY 2014 request \$500,000</b>
FY 2012 actual	\$500,000	<b>FY 2015 request \$500,000</b>
FY 2013 estimate	\$500,000	

This is a grant program to support nonprofit organization programs and projects that increase low-income and other under-served populations' access to telecommunications and information services by making them more affordable. Grant funds are available to pay up to 50 percent of a project's allowable costs. PSC rule limits USF spending for this program to no more than \$500,000 annually.

## **LinkUp**

### **§ PSC 160.061**

FY 2011 actual      \$174,900  
FY 2012 actual      \$175,000  
FY 2013 estimate    \$200,000

**FY 2014 request \$200,000**  
**FY 2015 request \$200,000**

LinkUp was funded jointly by the Federal Communications Commission (FCC) and the state USF to reimburse providers for connection fees they are required to waive when low-income consumers establish or move their telephone service. Expenditure levels for LinkUp have decreased by 34.7% in the past two years due to low income customers abandoning landline service and moving to cellular service. Currently, the state LinkUp program is suspended because the FCC eliminated its federal program in 2012. The Commission may restructure its state LinkUp program to function independently so budget estimates are based on current levels.

## **High Rate Ceiling Credits**

### **§ PSC 160.09**

FY 2011 actual      \$5,700  
FY 2012 actual      \$5,800  
FY 2013 estimate    \$378,000

**FY 2014 request \$378,000**  
**FY 2015 request \$378,000**

Under the high rate ceiling credit program, USF reimburses local exchange service providers for the difference between the service providers' PSC-approved rates and a rate ceiling established under Administrative Rule using median household income. Expenditure levels for this program vary annually and are dependent on factors not under the control of the PSC. For example, the annual number and level of claims varies due to increased or decreased annual adjustments to the change in median income and/or local exchange rates. In the future, changes in regulation at the federal level could also affect the number of local exchange service providers that are eligible for this program, resulting in a change in costs.

## **Two-line Voice Carryover**

### **§ PSC 160.071 (6) (b)**

FY 2011 actual      \$9,800  
FY 2012 actual      \$10,100  
FY 2013 estimate    \$12,000

**FY 2014 request \$12,000**  
**FY 2015 request \$12,000**

Two-line voice carryover is an adaptive telecommunications service technology allowing individuals with hearing impairment to communicate over the telephone. USF funds can reimburse providers for the service connection and monthly rate costs of the second line required for this program. Providers must waive service connection and monthly rate costs when establishing this service for an individual. In past years, some providers have waived

costs but not requested reimbursement. Increasing demand for this service may result in more providers applying for reimbursement of waived costs.

***For the following USF programs, funding was neither allocated nor spent in FY 12 or FY 13 and no funding is requested in 2013-2015***

**Provider of Last Resort  
§ PSC 160.14**

FY 2012 actual                      \$0

In the event that no provider is willing to be the provider of last resort for telecommunications service in an exchange, the PSC may provide USF compensation to the provider selected to provide service. The need for this program is dependent on many actions and circumstances in the marketplace that cannot be foreseen at this time. For FY 2011 through FY 2013, the PSC is not aware of any pending actions that would create a need for USF payments for this purpose.

**Advanced Telecommunications Services  
§ PSC 160.035**

FY 2012 actual                      \$0

Under this program, USF funding is made available to a provider to support the provider's deployment of a new, advanced, telecommunications service. Funding is provided after the PSC determines a provider needs USF funding to meet anticipated consumer demand for the service. The PSC determines a provider's need following an analysis of how the service will be deployed statewide and after setting a schedule for future service deployment and setting a rate for the service. Currently, no funding is allocated to this program because of budget constraints.

**Telephone Access for the Homeless  
§ PSC 160.125(1)**

FY 2012 actual                      \$0

Under USF administrative rule, USF funds may be allocated to support the purchase of voice mail services for homeless persons. Under the rules, an agency that serves homeless clients may provide voice mailboxes to clients without charge so clients can be reached through the telephone system for medical, employment, or other purposes. A provider supplying this service to the agency can recover its incremental service costs from the USF. Budget constraints have put development of this program on hold.

**Rate Shock Mitigation  
§ PSC 160.10**

FY 2012 actual                      \$0

This program permits the USF to provide funding to a telecommunications provider who, without funding, would raise telecommunication service rates to consumers by a large amount.

This program provides an important protection to consumers from large rate increases, but there is no demonstrated need at this time. The PSC does not anticipate use of this program in the next biennium.

**Outreach for Low-income Programs**  
**§ PSC 160.063**

FY 2012 actual                      \$0

Under this promotional program, the Commission may fund collaborative partnerships between community-based organizations and telecommunications providers to increase participation in the USF low-income programs. No funding has been allocated to this program because of budget constraints.

**Under USF statutes, the PSC is required to contract with a fund administrator.**

**Administration**  
**§ PSC 160.05**

FY 2011 actual	\$260,600	<b>FY 2014 request \$300,000</b>
FY 2012 actual	\$369,700	<b>FY 2015 request \$300,000</b>
FY 2013 estimate	\$300,000	

The PSC is statutorily required to contract with a fund administrator to handle assessments and disbursements for the USF. The USF administrator also handles assessments funded by the USF related to TEACH, the UW-System and DPI BadgerLink. In addition to contract costs, administrative costs include miscellaneous expenses such as printing, promotional materials, interpreters for the deaf and hard of hearing at USFC meetings, annual audits performed by the Legislative Audit Bureau, and assistance from the Department of Revenue in verifying whether Lifeline and LinkUp applicants are eligible for the Homestead Tax Credit.

**Budget Request Summaries**  
**(Following four pages)**

## Agency Request by Fund Source for 01 Regulation of Public Utilities

ANNUAL SUMMARY							BIENNIAL SUMMARY				
Source of Funds	Prior Year Actual	Adjusted Base Year	1st Year	2nd Year	1st Year FTE	2nd Year FTE		Base Year Doubled	Biennial Request	Change From BYD (\$)	Change From BYD (%)
PR	\$14,432,716	\$16,617,900	\$16,638,300	\$16,651,700	135	135		\$33,235,800	\$33,290,000	\$54,200	0.16%
A	\$571,011	\$1,042,500	\$1,042,500	\$1,042,500	0	0		\$2,085,000	\$2,085,000	\$0	0.00%
S	\$13,861,705	\$15,575,400	\$15,595,800	\$15,609,200	135	135		\$31,150,800	\$31,205,000	\$54,200	0.17%
SEG	\$4,712,632	\$5,940,000	\$5,940,000	\$5,940,000	0	0		\$11,880,000	\$11,880,000	\$0	0.00%
A	\$4,712,632	\$5,940,000	\$5,940,000	\$5,940,000	0	0		\$11,880,000	\$11,880,000	\$0	0.00%
Total - Non Federal											
A	\$5,283,643	\$6,982,500	\$6,982,500	\$6,982,500	0	0		\$13,965,000	\$13,965,000	\$0	0.00%
S	\$13,861,705	\$15,575,400	\$15,595,800	\$15,609,200	135	135		\$31,150,800	\$31,205,000	\$54,200	0.17%
PR - F	\$1,160,176	\$723,300	\$434,100	\$343,900	3	1		\$1,446,600	\$778,000	(\$668,600)	-46.22%
S	\$1,160,176	\$723,300	\$434,100	\$343,900	3	1		\$1,446,600	\$778,000	(\$668,600)	-46.22%
Total - Federal											
S	\$1,160,176	\$723,300	\$434,100	\$343,900	3	1		\$1,446,600	\$778,000	(\$668,600)	-46.22%
PR	\$15,592,892	\$17,341,200	\$17,072,400	\$16,995,600	138	136		\$34,682,400	\$34,068,000	(\$614,400)	-1.77%
A	\$571,011	\$1,042,500	\$1,042,500	\$1,042,500	0	0		\$2,085,000	\$2,085,000	\$0	0.00%
S	\$15,021,881	\$16,298,700	\$16,029,900	\$15,953,100	138	136		\$32,597,400	\$31,983,000	(\$614,400)	-1.88%
SEG	\$4,712,632	\$5,940,000	\$5,940,000	\$5,940,000	0	0		\$11,880,000	\$11,880,000	\$0	0.00%
A	\$4,712,632	\$5,940,000	\$5,940,000	\$5,940,000	0	0		\$11,880,000	\$11,880,000	\$0	0.00%
TOTAL											
A	\$5,283,643	\$6,982,500	\$6,982,500	\$6,982,500	0	0		\$13,965,000	\$13,965,000	\$0	0.00%
S	\$15,021,881	\$16,298,700	\$16,029,900	\$15,953,100	138	136		\$32,597,400	\$31,983,000	(\$614,400)	-1.88%
Grand Total	\$20,305,524	\$23,281,200	\$23,012,400	\$22,935,600	138	136		\$46,562,400	\$45,948,000	(\$614,400)	-1.32%
Gen. Purpose Rev. - Earned	\$1,799,800	\$1,337,900	\$1,611,600	\$1,731,700	0	0		\$2,675,800	\$3,343,300	\$667,500	24.95%



## Agency Request by Fund Source for 03 Other Programs

### ANNUAL SUMMARY

### BIENNIAL SUMMARY

SOURCE OF FUNDS	PRIOR YEAR ACTUAL	ADJUSTED BASE YEAR	1ST YEAR	2ND YEAR	1ST YEAR FTE	2ND YEAR FTE		BASE YEAR DOUBLED (BYD)	BIENNIAL REQUEST	CHANGE FROM BYD (\$)	CHANGE FROM BYD (%)
SEG	\$0	\$619,100	\$585,600	\$585,600	5	5		\$1,238,200	\$1,171,200	(\$67,000)	-5.41
S	\$0	\$619,100	\$585,600	\$585,600	5	5		\$1,238,200	\$1,171,200	(\$67,000)	-5.41
<b>Total - Non Federal</b>											
S	\$0	\$619,100	\$585,600	\$585,600	5	5		\$1,238,200	\$1,171,200	(\$67,000)	-5.41
<b>Total - Federal</b>											
S	\$0	\$0	\$0	\$0	0	0		\$0	\$0	\$0	0
SEG	\$0	\$619,100	\$585,600	\$585,600	5	5		\$1,238,200	\$1,171,200	(\$67,000)	-5.41
S	\$0	\$619,100	\$585,600	\$585,600	5	5		\$1,238,200	\$1,171,200	(\$67,000)	-5.41
<b>Total</b>											
S	\$0	\$619,100	\$585,600	\$585,600	5	5		\$1,238,200	\$1,171,200	(\$67,000)	-5.41
<b>Grand Total</b>	\$0	\$619,100	\$585,600	\$585,600	5	5		\$1,238,200	\$1,171,200	(\$67,000)	-5.41

### Agency Total by Program / Subprogram Each FY 14

	<i>Program</i> <u>Program 1</u>						<i>Subtotal</i>	<u>Program 3</u>	<i>Total Prgms.</i>
	<i>Subprogram</i> 00	01	02	03	04	06	<i>Program 1</i>	00	<i>1 &amp; 3</i>
Adjusted Base	\$ 6,982,500	\$ 3,202,700	\$ 4,349,400	\$ 1,789,500	\$ 1,425,600	\$ 5,531,500	\$ 23,281,200	\$ 619,100	\$ 23,900,300
DIN Change to Base	\$ -	\$ (56,100)	\$ 324,700	\$ (86,700)	\$ (63,300)	\$ (387,400)	\$ (268,800)	\$ (33,500)	\$ (302,300)
<b>Total Request</b>	<b>\$ 6,982,500</b>	<b>\$ 3,146,600</b>	<b>\$ 4,674,100</b>	<b>\$ 1,702,800</b>	<b>\$ 1,362,300</b>	<b>\$ 5,144,100</b>	<b>\$ 23,012,400</b>	<b>\$ 585,600</b>	<b>\$ 23,598,000</b>

### Agency Total by Program / Subprogram Each FY 15

	<i>Program</i> <u>Program 1</u>						<i>Subtotal</i>	<u>Program 3</u>	<i>Total Prgms.</i>
	<i>Subprogram</i> 00	01	02	03	04	06	<i>Program 1</i>	00	<i>1 &amp; 3</i>
Adjusted Base	\$ 6,982,500	\$ 3,202,700	\$ 4,349,400	\$ 1,789,500	\$ 1,425,600	\$ 5,531,500	\$ 23,281,200	\$ 619,100	\$ 23,900,300
DIN Change to Base	\$ -	\$ (56,100)	\$ 338,100	\$ (86,700)	\$ (153,500)	\$ (387,400)	\$ (345,600)	\$ (33,500)	\$ (379,100)
<b>Total Request</b>	<b>\$ 6,982,500</b>	<b>\$ 3,146,600</b>	<b>\$ 4,687,500</b>	<b>\$ 1,702,800</b>	<b>\$ 1,272,100</b>	<b>\$ 5,144,100</b>	<b>\$ 22,935,600</b>	<b>\$ 585,600</b>	<b>\$ 23,521,200</b>

**Agency Total by Decision Item Each FY 14**

	<u>Program 1</u>	<u>Program 3</u>	<u>Total</u>
Adjusted Base	\$ 23,281,200	\$ 619,100	\$ 23,900,300
DIN 3001 - Turnover	\$ (262,700)	\$ -	\$ (262,700)
DIN 3002 Removal of Noncontinuing Elements	\$ (261,400)	\$ -	\$ (261,400)
DIN 3003 - Full Funding of Salaries & Fringe	\$ (143,900)	\$ (33,500)	\$ (177,400)
DIN 3010 - Full funding of lease	\$ 20,500	\$ -	\$ 20,500
DIN 3011 Minor Transfers Within the Same Alpha	\$ -	\$ -	\$ -
DIN 4002 PR Re-estimate for Salary & Fringe	\$ 378,700	\$ -	\$ 378,700
DIN 4003 Increase of Intervenor Compensation Grant	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Request</b>	<b>\$ 23,012,400</b>	<b>\$ 585,600</b>	<b>\$ 23,598,000</b>

**Agency Total by Decision Item Each FY 15**

	<u>Program 1</u>	<u>Program 3</u>	<u>Total</u>
Adjusted Base	\$ 23,281,200	\$ 619,100	\$ 23,900,300
DIN 3001 - Turnover	\$ (262,700)	\$ -	\$ (262,700)
DIN 3002 Removal of Noncontinuing Elements	\$ (351,600)	\$ -	\$ (351,600)
DIN 3003 - Full Funding of Salaries & Fringe	\$ (143,900)	\$ (33,500)	\$ (177,400)
DIN 3010 - Full funding of lease	\$ 33,900	\$ -	\$ 33,900
DIN 3011 Minor Transfers Within the Same Alpha	\$ -	\$ -	\$ -
DIN 4002 PR Re-estimate for Salary & Fringe	\$ 378,700	\$ -	\$ 378,700
DIN 4002 Increase of Intervenor Compensation Grant	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Request</b>	<b>\$ 22,935,600</b>	<b>\$ 585,600</b>	<b>\$ 23,521,200</b>

**Agency Total by Alpha with Changes by DIN Each FY 14**

	2000 Adjusted Base	3001 Turnover	3002 Removal of Non- continuing elements from the Base	3003 Full funding of Salaries & Fringe	3010 Full funding of Lease	3011 Minor Transfers Within the Same Alpha Appropriation	4002 PR Re-estimate for Salary and Fringe	4003 Increase of Intervenor Compensation Grant	Total
20.155 (1)									
(g) Numeric 131	\$14,696,200	\$ (262,700)	\$ -	\$(235,000)	\$ 20,500	\$ -	\$ 378,700	\$ -	\$ 14,597,700
(h) Numeric 132	\$ 679,200	\$ -	\$ -	\$ 38,700	\$ -	\$ -	\$ -	\$ -	\$ 717,900
(j) Numeric 134	\$ 1,042,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,042,500
(L) Numeric 135	\$ 200,000	\$ -	\$ -	\$ 80,200	\$ -	\$ -	\$ -	\$ -	\$ 280,200
(m) Numeric 141	\$ 673,300	\$ -	\$ (261,400)	\$(27,800)	\$ -	\$ -	\$ -	\$ -	\$ 384,100
(n) Numeric 143	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
(q) Numeric 189	\$ 5,940,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,940,000
20.155 (3)									
(s) Numeric 361	\$ 452,500	\$ -	\$ -	\$(33,500)	\$ -	\$ -	\$ -	\$ -	\$ 419,000
(t) Numeric 380	\$ 166,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,600
Total	\$ 23,900,300	\$ (262,700)	\$ (261,400)	\$(177,400)	\$ 20,500	\$ -	\$ 378,700	\$ -	\$ 23,598,000

**Agency Total by Alpha with Changes by DIN Each FY 15**

	2000 Adjusted Base	3001 Turnover	3002 Removal of Non- continuing elements from the Base	3003 Full funding of Salaries & Fringe	3010 Full funding of Lease	3011 Minor Transfers Within the Same Alpha Appropriation	4002 PR Re-estimate for Salary and Fringe	4003 Increase of Intervenor Compensation Grant	<b>Total</b>
20.155 (1)									
(g) Numeric 131	\$14,696,200	\$ (262,700)	\$ -	\$(235,000)	\$ 33,900	\$ -	\$ 378,700	\$ -	\$ 14,611,100
(h) Numeric 132	\$ 679,200	\$ -	\$ -	\$ 38,700	\$ -	\$ -	\$ -	\$ -	\$ 717,900
(j) Numeric 134	\$ 1,042,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,042,500
(L) Numeric 135	\$ 200,000	\$ -	\$ -	\$ 80,200	\$ -	\$ -	\$ -	\$ -	\$ 280,200
(m) Numeric 141	\$ 673,300	\$ -	\$ (351,600)	\$ (27,800)	\$ -	\$ -	\$ -	\$ -	\$ 293,900
(n) Numeric 143	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
(q) Numeric 189	\$ 5,940,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,940,000
20.155 (3)									
(s) Numeric 361	\$ 452,500	\$ -	\$ -	\$ (33,500)	\$ -	\$ -	\$ -	\$ -	\$ 419,000
(t) Numeric 380	\$ 166,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,600
Total	\$ 23,900,300	\$ (262,700)	\$ (351,600)	\$(177,400)	\$ 33,900	\$ -	\$ 378,700	\$ -	\$ 23,521,200

## Revenue Estimate Summaries

The Public Service Commission's 2013 – 2015 Budget assumes revenues will increase reflecting the cost-to-continue requests for funding. Below is a summary of estimated revenues in 13-15. Revenues account for prior year balances which may be either positive or negative balances.

### *Fiscal Effect Summary – revenues by fund type*

<b>Fund Type</b>	<b>SFY 2014</b>	<b>SFY 2015</b>	<b>Biennium</b>
PR	\$17,861,800	\$18,908,800	\$36,770,600
SEG	\$6,537,600	\$6,549,600	\$13,087,200
GPR Earned	\$1,611,600	\$1,731,700	\$3,343,300
<b>Total</b>	<b>\$26,011,000</b>	<b>\$27,190,100</b>	<b>\$53,201,100</b>

### *Fiscal Effect Summary – revenues by fund type and numeric*

<b>Fund Type</b>	<b>Numeric</b>	<b>Prior Year</b>	<b>Base Year</b>	<b>SFY 2014</b>	<b>SFY 2015</b>
PR	131	\$16,305,500	\$15,245,200	\$16,651,500	\$17,370,400
	132	\$32,300	\$62,000	\$126,700	\$143,500
	134	\$283,400	\$283,400	\$708,400	\$1,015,900
	135	\$200,000	\$200,000	\$375,200	\$379,000
	<i>Subtotal</i>	<i>\$16,821,200</i>	<i>\$15,790,600</i>	<i>\$17,861,800</i>	<i>\$18,908,800</i>
SEG	189	\$6,851,400	\$5,940,000	\$5,940,000	\$5,940,000
	361	\$452,500	\$452,500	\$431,000	\$443,000
	380	\$166,600	\$166,600	\$166,600	\$166,600
	<i>Subtotal</i>	<i>\$7,470,500</i>	<i>\$6,559,100</i>	<i>\$6,537,600</i>	<i>\$6,549,600</i>
GPR-E	GPR-E	\$1,799,800	\$1,337,900	\$1,611,600	\$1,731,700
	<b>Total</b>	<b>\$26,091,500</b>	<b>\$23,687,600</b>	<b>\$26,011,000</b>	<b>\$27,190,100</b>